

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 EA-06 AF-06 EUR-12 AGR-05 CEA-01

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R 081515Z FEB 75

FM AMEMBASSY QUITO
TO SECSTATE WASHDC 4378
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA
AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 0977

E.O. 11652: GDS

TAGS: ETRD EAGR EC

SUBJECT: GUAYAQUIL MEETING ON BANANA PRODUCING NATIONS

REF: GUAYAQUIL 135

1. THE RECENT MEETING OF THE CENTRAL AMERICAN BANANA PRODUCERS IN GUAYAQUIL ENDED IN A STALEMATE: ECUADOR DID NOT JOIN UPEB AND APPARENTLY DOES NOT INTEND TO UNTIL ITS CONDITIONS ARE MET. ALTHOUGH THE DISCUSSIONS BETWEEN ECUADOR AND THE CENTRAL AMERICAN COUNTRIES WERE LESS ACRIMONIOUS THAN PREVIOUS MEETINGS, UPEB MEMBERS OFFERED NO INDUCEMENT FOR ECUADOR'S ENTRY. ECUADOR REITERATED ITS CONDITIONS FOR COOPERATION WITH THE CENTRAL AMERICAN COUNTRIES; BUT THE DIFFERENCE IN PRODUCTION STRUCTURES AND THE EROSION OF
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ECUADOR'S JAPANESE MARKET PRECLUDES ECUADOR'S RUSH INTO THIS

CARTEL ARRANGEMENT. (ECUADOR'S VIEWPOINT IN ACCORDANCE WITH POSITION PAPER TRANSMITTED AS ENCLOSURE TO QUITO A-91, SEPTEMBER 10, 1974).

2. ACCORDING TO LOCAL OFFICIALS, ECUADOR HAD NO EXPECTATION OF JOINING UPEB AND HOSTED THE MEETING ONLY AS A GESTURE OF GOODWILL. THE ECUADOREAN DELEGATION ENCOURAGED FURTHER COOPERATION, BUT EMPHASIZED THROUGHOUT THE MEETING THAT THE DIFFERENCE IN PRODUCTION STRUCTURE AND THE WORLD OVERSUPPLY OF BANANAS (ABOUT 1 - 1/2 MILLION TONS) MADE ECUADOR'S ENTRY DIFFICULT. ECUADOR'S CONDITIONS FOR ENTRY CALLED FOR A RATIONALIZATION OF CENTRAL AMERICAN PRODUCTION TO CONTROL EXCESS SUPPLY, AN ORGANIZATIONAL ARRANGEMENT WITH ENFORCEMENT POWERS, AND COOPERATION TO PRESS FOR THE ELIMINATION OF TARIFF AND NON-TARIFF BARRIERS, ESPECIALLY PREFERENTIAL TREATMENT GRANTED TO SOME OF THE AFRICAN NATIONS BY FORMER COLONIZERS.

3. ECUADOR'S PARTICULAR CONCERNS ARE THE LOSS OF THE JAPANESE MARKET TO THE PHILLIPINES AND ELIMINATION OF DISCRIMINATORY TREATMENT TO ALLOW GREATER ENTRY INTO THE EUROPEAN MARKET. THE LOCAL PRESS CARRIED SEVERAL ARTICLES EMPHASIZING THE DIFFERENCE IN PRODUCTION STRUCTURE, GEOGRAPHICAL DISTANCE, AND WORLD OVERSUPPLY OF BANANAS WHICH WOULD MAKE ANY PRICE RISE ECONOMICALLY INFEASIBLE. PRODUCTION IN THE CENTRAL AMERICAN COUNTRIES IS CONTROLLED BY LARGE MULTINATIONAL COMPANIES WHEREAS IN ECUADOR PRODUCTION IS FRAGMENTED BUT TOTALLY ECUADOREAN CONTROLLED. THE BANANA INDUSTRY SUPPORTS ABOUT 300,000 FAMILIES. CENTRAL AMERICAN PRODUCTIVITY IS ABOUT DOUBLE THAT OF ECUADOR. GIVEN THE ECONOMIC DIFFERENCES, IT IS UNLIKELY THAT ECUADOR HAS ANY REAL INTEREST IN JOINING UPEB.
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